

D R A F T

MEMORANDUM FOR : Director of Central Intelligence

SUBJECT : Retirement Policy

1. This memorandum submits recommendations for your approval; such recommendations are contained in paragraph 5.

2. As you know, the Agency's retirement policy has been the subject of much discussion and review these past few months. To accelerate completion of the review so as to be able to submit specific recommendations to you, I convened a meeting on 8 February 1968. Present were each Deputy Director, the General Counsel, the Inspector General, the Director of Personnel, and in his capacity as Chairman, CIA Retirement Board. A detailed agenda, attached at Tab A, was prepared in advance. A record of our discussion is attached at Tab B.

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3. Summary

a. Our discussion was based on two assumptions:

(1) The Director has unquestioned legal authority to enforce an early retirement policy.

(2) Legislation of any kind is difficult to obtain. Hence, we must first try to settle those things which we can do without legislation and then proceed to those things which are desirable but which would require legislation.

b. The principal issue, and that from which all others flow, is

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whether the Agency should have a policy requiring retirement earlier than provided by law under the Civil Service Retirement Act, or the CIA Retirement and Disability System, for GS-18's and above. After considerable discussion, it was the consensus that there should be an early retirement policy with a stipulated age at which most employees should leave. At the same time it was recognized that because the Directorates have different problems, Agency policy should be flexible enough to permit exceptions. It is essential, also, that a rationale for this policy be prepared in the event it becomes necessary to explain the policy to Congressional committees or in court or to employees.

c. Having reached agreement that the Agency should have an early retirement policy with provision for exceptions to meet particular needs, we then discussed the types of exceptions that could be identified and action recommended in advance. General agreement was reached on the following:

(1) There should be no general exception for employees who argue that at the time they entered on duty they were led to believe (or now believe) that they had the right to work until age 65 or 70.

(2) There is a small group of Agency employees who will not have 12 years of creditable service by their scheduled retirement date. We feel that these employees, as a group, should be permitted to remain on duty until they accumulate 12 years of service when they earn the right to continue important statutory hospitalization and life insurance coverage.

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(3) Some employees, until last year, were informed that their scheduled retirement date was at age 62. Because of a change in the Civil Service Retirement Act, Agency policy was revised which lowered the age requirement to 60. We feel that these employees should be permitted to remain on duty until age 62, their original date, if they so request.

(4) An overall exception should be made for the group of printers who were induced to transfer from the Government Printing Office to the Agency with the assurance that they would not lose any benefits.

(5) There should be no overall exception for lower graded clerical employees. Each such case should be considered on its own merits.

(6) There should be no overall exception for employees with technical skills in grades GS-7 and below even though it might be difficult to recruit replacements and their loss would create training problems. Each such case should be considered on its own merits.

(7) No overall exception should be made for employees merely because they are writing Agency history.

4. Also discussed at this meeting was the matter of compensating employees who retire early under either the Civil Service Retirement or the CIA Retirement systems. This issue was tabled pending further study.

5. It is recommended that

a. the Director reaffirm as Agency policy that employees covered

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by Civil Service Retirement be required (not merely "encouraged" or "expected" as currently stated in Agency regulations) to retire voluntarily upon reaching age 60 or as soon thereafter as they are eligible for optional retirement, i. e., age 60 with 20 years of service or age 62 and a minimum of five years of service.

b. the mandatory age for retirement under the CIA Retirement and Disability System be set at age 60 for employees GS-18 or above, as it is by statute for employees GS-17 and below, and

c. overall exceptions as indicated in paragraphs 3c. (2), (3), and (4) above be approved and that the Director of Personnel be authorized to approve exceptions for the employees affected.

L. K. White
Executive Director-Comptroller

Atts: 2

Concur:

Concur:

Deputy Director
for Support

Deputy Director
for Plans

Deputy Director
for Intelligence

Deputy Director
for Science and Technology

General Counsel

Inspector General

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SUBJECT : Retirement Policy

The recommendations contained in paragraph 5 are approved.

Richard Helms
Director of Central Intelligence

Date

Distribution:

- 0 - Return to D/Pers
- 1 - Director
- 1 - Deputy Director
- 1 - ER
- 2 - DDS
- 1 - DDP
- 1 - DDI
- 1 - DDS&T
- 1 - Gen. Counsel
- 1 - IG
- 1 - C/BSD
- 1 - D/Pers (w/held)

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RETIREMENT POLICY

I. GENERAL

- A. The Director has unquestioned legal authority to enforce an early retirement policy.
- B. Legislation of any kind is difficult to obtain. Hence, we must first try to settle those things which we can do without legislation and then proceed to those things which are desirable but which would require legislation.

II. DISCUSSION

- A. Should CIA have an early retirement policy, i.e., retirement earlier than the law normally requires? If so, what is the rationale?
- B. At what age should retirement normally be required?
- C. Should the policy be the same for personnel serving under different retirement systems, i.e., Civil Service and CIA?
- D. Should it be the same for all components or career services of the Agency?
- E. Should there be exceptions for:
 - 1. Personnel who at the time they joined CIA thought or were led to believe, or now believe, that they had the right to work until age 65 or 70? (The law is, of course, controlling under the CIA System.)
 - 2. Those who do not have twelve years of creditable service at retirement age? (This is important for insurance benefits.)
 - 3. Those not yet age 62 who do not have twenty years of service? (This assumes that the answer to B above is something lower than age 62.)

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4. Those who until 1967 were exempted until age 62?
(They have not had the many years of advance notice given to other employees.)

- CONFIDENTIAL 5. The GPO group [] who were induced to transfer from GPO to CIA with the assurance that they would not lose any benefits?

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6. All Wage Board employees of the Printing Services Division?

7. Wage Board employees generally?

8. Lower-graded clerical and blue-collar workers?

9. Those with technical skills in grades GS-7 and below for whom it is difficult to recruit replacements and whose loss would create training problems (Communications and Finance)?

10. Those individuals of unusual qualifications who cannot readily be replaced?

11. Those for whom a short-term extension is needed in order to train a replacement?

12. Those writing histories?

III. PROBLEMS REQUIRING FURTHER STUDY AND/OR LEGISLATION

- A. Recompense, in addition to the annuity now provided by law, for persons who retire early

1. Under the Civil Service Retirement System.

2. Under the CIA Retirement System.

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15 FEB 1968

MEMORANDUM FOR THE RECORD

SUBJECT: Retirement Policy

1. This is to record the deliberations at a meeting called by the Executive Director-Comptroller at 1400, 8 February. Present were: Messrs. Bannerman, Duckett, Karamessinos, Smith, Houston, Earman [redacted] and Wattles. Colonel White distributed copies of the attached outline which provided an agenda for the meeting. He introduced the discussion by commenting on the two paragraphs of I., saying that if we cannot make the assumption of I.A., there was no purpose in the meeting. As to I.B., he elaborated on the point that because of our recent history of failure to get legislative action on other matters including annuity cost-of-living improvement, it seemed wise that we not plan to resolve our retirement questions through legislation but rather to do what we could within current authorities. The Deputy Directors were asked to comment, in turn, on the basic issue, II.A.

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2. Mr. Smith addressed himself to both questions. He could accept an early retirement policy only if it included provisions for liberal exceptions. He argued that his professional employees are professionals in the broader sense; i.e., that they were people who had prepared themselves through academic study for professional careers which could have been found outside the Agency and that in such outside employment arbitrary retirement for age was not a condition of employment. He agreed that there are management problems but that stringent managerial actions based on the Director's clear authority could accomplish the desired results. He argued that our circumstances in this Agency are not unique and that the rationale as presented in draft would not support early retirement as a policy. He recognized that there may be a rationale but he had yet to see it stated. Later, in expanding on his position, he said that any policy must accommodate both management and employee points of view. And finally, that should the Agency adopt a single retirement policy for both systems with a liberal policy for exception, it would be his practice in the Intelligence Directorate rather than to make extensions the exception for the rare individual, most professionals who were making an adequate contribution would be extended to age 62. Mr. Smith argued that we were attempting to establish long-range policy and should not let current personnel management problems be overriding.

3. Mr. Bannerman held the position that we need a policy of early retirement across the board to move out the old generation. There is a great need to introduce current skills and background--to update the professional and technical competence of the Support area. He argued that there should be a single policy though there are two systems. He said

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further that the use of the word "expected" in the present regulation caused mischief and was looked upon by his people as playing games--arguing, therefore, that there should be an unequivocal statement of Agency policy.

4. Mr. Karamessines said that he needed the earliest possible retirement age for three reasons. The first being the serious problem of covering the overseas employment of older people. He not infrequently found himself in the position of trying to send out a man who obviously by years and ability [redacted] would serve. Second, it was critically important that he maintain a high level of mental and physical vigor in his Career Service; the work is demanding and tiring. Third, he needed to provide the opportunity for dynamic career progression and referred to the ferment in the younger grade 13-14 group which, though not yet unmanageable, did exist and was of concern. He also raised the question of the management problems which would be generated if we had a different policy for the two systems.

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5. Mr. Duckett said the Science and Technology Directorate would have minimal problems over the next few years although there are some for whom early retirement is desirable and necessary. He would urge reconsideration of the standards by which people are now put in the Agency System--it being his belief that this provided the proper instrument for handling those specific cases. He made the argument that we appeared in our efforts to get the CIA System to have established the need for two systems, and to argue now for a single policy--which in a sense seemed to be arguing for a single system--would seem to deny our earlier position. (Colonel White observed that we had tried to get a single system but that Congress had denied it.)

6. Mr. Houston, when asked for his comment, said that he personally likes an early retirement policy but that he was concerned with what he saw as a potentially serious political problem in an effort by the Agency to employ an early retirement policy, observing that Congress itself runs on the seniority principle and the idea of early departure was therefore likely to be unpopular there.

7. Mr. Barman fixed on an observation made earlier by Mr. Karamessines that a 30-year service formula rather than just age would be the best approach. He did recognize that age would have to be included and suggested that perhaps some combination of service and age that provided a decent annuity was the answer.

8. After further clarifying discussion, Colonel White summarized the sense of the group which was that there ought to be one age at which most employees should leave, but that the different components having different problems and different reasons for making exceptions should be provided within a fixed policy the opportunity to adapt to their respective

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conditions. Further, the statement of rationale should be redrafted to reflect the sense of the day's discussion, and should be in such form that the General Counsel could use it in court or before our committees and also could be provided to all Agency employees to explain the Agency command position.

9. Consideration was then turned to II.E. of the attached where questions were raised about 12 possible exceptions. Taken by number the following agreements were reached:

- (1) There should be no general exception.
- (2) Yes.
- (3) Age 62 or 20 years of service, whichever comes first.
(In effect--current policy.)
- (4) Yes, if requested by the employees.
- (5) Yes.
- (6) Will be studied further by the Deputy Director for Support.
- (7)
- (8) No.
- (9) No.
- (10) These can be dealt with under the general policy.
- (11)
- (12) No.

10. The issues, under III., dealing with the problem of additional recompense which might require legislative action were left for further study by the General Counsel, Mr. Houston, and the Special Assistant to the Deputy Director for Support for Special Studies

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/s/ Robert S. Wattles

Robert S. Wattles
Director of Personnel

Attachment

Distribution:

Orig & 1 - ExDir-Compt

1 - DD/S

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1 - D/Pers Chrono

OD/Pers/RSWattles:hmc (15 Feb 68)

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(They have not had the many years of advance notice given to other employees.)
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 1. Under the Civil Service Retirement System.
 2. Under the CIA Retirement System.

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Remarks: <p>Attached is a draft of a memorandum from the Executive Director-Comptroller to the Director concerning the review of retirement policy conducted at the Executive Director's meeting of 8 February. Note that the memorandum has two tabs: the Agenda for the meeting and my Memorandum for the Record.</p> <p>I invite your attention to agenda item IIE 3 which is also covered in paragraph 9 (3) of my memorandum for the record. Since the agreement reached at the meeting of 8 February was that an employee be permitted to remain until age 62 or upon reaching 20 years of service whichever comes</p>			
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first, this is, in effect, current policy and not, therefore, listed in the memorandum to the Director as an overall exception to Agency policy.

Please note also that I have not included in the memo to the Director agenda items IIE (6) and (7) which will be studied by you and the agenda items IIE 10 and 11 which can be dealt with under general policy.

As drafted, the memorandum to the Director will bear the coordinating signatures of each Deputy Director, the General Counsel, and the Inspector General. My note to Colonel White suggested that he might want to strike GC and IG from coordination.

On rereading the draft and the Memorandum for the Record I realize that I have not specifically provided for Jack Smith's position on liberal extensions--at least in his Directorate. The committee did not in fact consider the decision-point. Should the Deputy Directors be given this authority now?, the D/Pers?, or leave with the Director himself?

Bob